

INVESTMENT GUIDE

Bakeries

3 SMART INVESTMENTS / TO GROW YOUR BAKERY BUSINESS



A publication of



INTRODUCTION

As the owner of an independent bakery, it's important that you continue to invest in your business to help it grow. Knowing where to invest will determine the direction and longevity of your business. Some of the most intelligent investments you can make include equipment, menu updates and marketing. These are all things that will provide you with a significant return on your investment and help your business flourish well into the future. In this guide you will learn more about these investments to help your business get a bigger slice of the Pie.

INVESTMENT ONE EQUIPMENT UPDATES





Outside of procuring a location, equipment will be the biggest investment a bakery owner will make. It's important that you thoroughly research products before making a purchase decision. You'll want to look at capacity, energy efficiency and usability when it comes to choosing your equipment. Here we've outlined some essential purchases and possible equipment updates that your bakery will need to make in order to remain efficient and competitive.

COMMERCIAL OVENS

This is one of the most important purchases that your bakery will make. There are several different types of ovens you'll want to consider and having a variety may also be necessary depending on the products your offer. Energy efficient models can be a great investment due to the savings you'll see in energy costs; however, simply having a new oven that meets your needs can positively impact your bottom line.



Convection

Convection ovens use fans to circulate the air within your oven. These are ideal for baking cookies, cakes, pies and more. Although they are available in varying sizes, they are best suited for lower production items.

Rotating Rack

These ovens offer a higher capacity than traditional convection ovens. With rotating racks it doubles the cooking volume and provides even baking temperatures. These can be used for cakes, pies and cookies, however, with the added option of a built in steam system, they can also be used for breads and bagels.





Stone Hearth Deck

If your bakery specializes in artisanal breads there is no better option than a quality stone hearth deck oven. This provides you the flexibility to create popular items such as ciabatta and baguettes. Your breads will cook directly on the stone hearth and with a steam system allowing you to control moisture; you'll be able to create the perfect crust.

Revolving Tray

This is the option many bakers choose due to its versatility. With models offering stone shelves and steam generators, they provide the ability to bake breads, rolls, pastries, cakes and cookies. For a do it all machine, this is a bakers best option.





COMMERCIAL MIXERS


As with your oven, the type of mixer that you choose will depend greatly upon the type of products you sell and the volume you intend to produce.

Vertical Mixers

Vertical mixers are the most common mixers found in bakeries. With the ability to utilize a number of different attachments, they are able to handle the majority of your mixing needs. A good mixer that is large enough to handle your work load is not only a time saver, but improves the quality of your end product.

Spiral Arm

While useful in any bakery setting, spiral arm mixers are a necessity for artisanal bakeries. They limit the punishment on dough and are the best option for more delicate dough.



WHY CHOOSE ENERGY EFFICIENT MODELS?

Standard gas convection ovens have a 30 percent cooking energy efficiency and an idle energy rate of 18,000 BTU/H, whereas ENERGY STAR certified gas convection ovens must meet the specification requirements of 44 percent cooking energy efficiency and idle energy rate of 13,000 BTU/H. Standard electric convection ovens have a 65 percent cooking energy efficiency and an idle energy rate of 2 kW; whereas ENERGY STAR certified electric convection ovens must meet the specification requirements of 70 percent cooking energy efficiency and an idle energy rate of 1.6 kW.

Product Type	Lifetime Savings
Flight Type Dishwashers	\$68,000
Fryers	\$1,200 - \$5,400
Griddles	\$1,100 - \$1,300
Hot Food Holding Cabinets	\$3,000
Ice Makers	\$900 - \$1300
Convection & Combination Ovens	\$630 - \$7,300
Refrigerators & Freezers	\$900 - \$4,300
Steam Cookers	\$12,000

Source: EnergyStar.gov

INVESTMENT TWO UPDATED MENU





Cake pops and cupcakes turned small bakeries into a [booming industry](#). If your bakery was one of the ones lucky enough to get in on the ground floor of these crazes, you surely saw an enormous uptick in sales and revenue. As the owner of a small business, it's important that you take advantage of trends in your industry. This is especially true when it comes to baked goods. Customers tend to remain loyal to bakeries and sweet shops, so having the latest trends available is of the utmost importance. Here are some great new dessert trends causing a stir in the market.

SMALLER DESSERTS

Creating [bite-sized versions of popular desserts](#) is one trend that is already starting to take off. Consumers are no longer looking for a giant slab of cake or pie. Creating mini strawberry shortcakes, pecan pies or even cannolis can bring in new customers. Their smaller size also represents an opportunity for greater profit margins.

More than [one-third](#) of consumers (36%) say they are more likely to order dessert if a "mini" portion is available.

ALCOHOL DESSERTS

Alcohol desserts are taking off at dinner parties and weddings as a fun way to kick up desserts. Adding high-end rum, vodka and whiskey is a great way to increase sales on traditional desserts and drive revenue. Be sure you have the proper permits to offer these items as laws can vary state to state.

ARTISTIC DESSERTS

Consumers want food that looks as good as it tastes. Traditional designs will have classic appeal, but adding originality is necessary to stand out. Experiment with different designs and even hold contests for your customers to submit their own designs. This can be a fun exercise and with the right designs, your bakery will appear to be high end and original.

SPECIALTY CAKES

There is a lot of money to make in specialty cakes. Competing with larger stores that have cookie cutter cakes may be easier than you think if you are able to make your cakes truly special. Find a good decorator that is creative and reliable. Advertisements geared toward specific events such as weddings and birthdays will target the perfect customer base.

[The Knot](#)

\$575

**average budget allowance
for wedding cakes in 2015.**

HEALTHY BAKED OPTIONS

It is important to offer healthy options to ensure you do not pigeon hole your business. Creating gluten free and low sugar items allows those with health concerns to still frequent your establishment and enjoy your products. Advertising the lower caloric values can help to ease a health conscience consumer into accepting your establishment as a viable food source.

Consider Nielsen's 2015 Global Health & Wellness Survey that polled more than 30,000 individuals online and suggests consumer mindset about healthy foods has shifted and they will pay more for products that claim to boost health and weight loss.

[Forbes](#)

88% of those polled are willing to pay more for healthier foods.

All demographics—from Generation Z to Baby Boomers—say they would pay more for healthy foods, including those that are GMO-free, have no artificial coloring/flavors and are deemed all natural.

Functional foods—including foods high in fiber (36%), protein (32%), whole grains (30%) or fortified with calcium (30%), vitamins (30%) or minerals (29%)—that can either reduce disease and/or promote good health also are desirable.

Developing healthy desserts can help to bring back customers who have decided to ditch sweet treats.



KEEP IT FRESH

Quality is of the utmost importance in the bakery industry. Ensuring that every customer receives the same, fresh pastry is very important to customer loyalty. Be sure to have “baked on” times and dates so you can track the age of your items. When possible, bake items fresh to order and use quality, fresh ingredients in all of your menu items. Taste is what will set you apart from your competition; it is important not to cut costs when it comes to food quality.

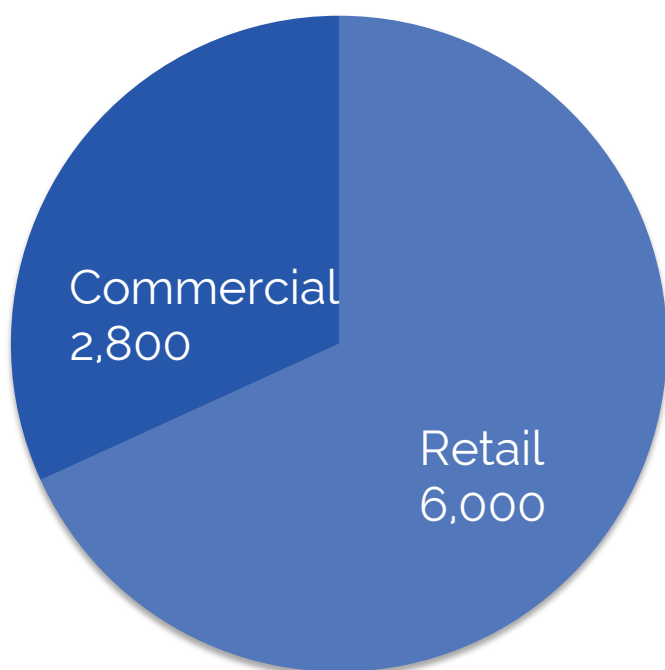
The [Cake Freshness Lab](#) is an interactive site designed as a point of entry for the cake industry into the world of Acti-Fresh solutions. Acti-Fresh is an enzyme-emulsifier technology that enhances a cake's softness, moistness and cohesiveness. Equally important are the benefits that derive from it – more upfront freshness after baking and longer freshness over time.

WHOLESALE BUSINESS

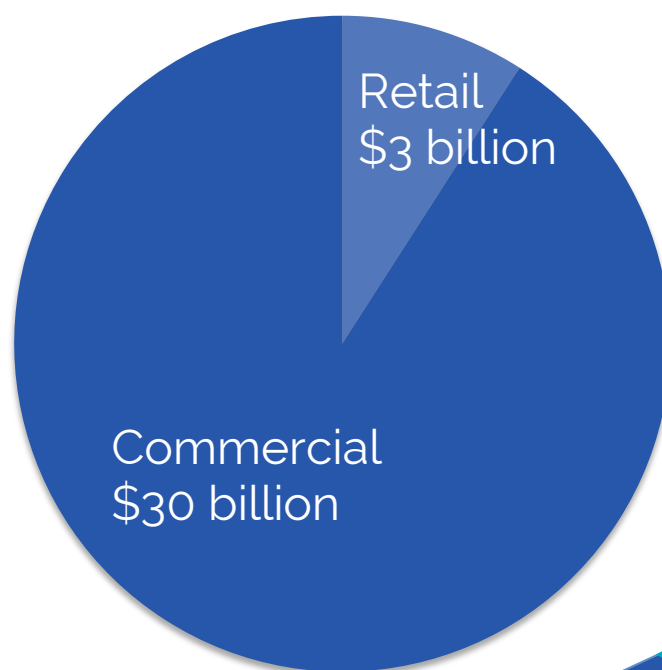
Only selling your product from your storefront can significantly decrease your profits. Consider moving into the wholesale sector in order to establish consistent, large volume customers. Nurture relationships with local restaurants and catering services so they will consider offering your baked goods along with their current menu. These relationships can increase revenue dramatically and serve as sustainable income for your bottom line.

There are approximately 6,000 retail bakeries in the United States and around 2,800 commercial bakeries. While retail bakeries make up the majority of the industry, commercial bakeries, those that provide baked products to grocery stores, earn more than ten times the revenue.

Number of Bakeries



Revenue





GLUTEN FREE

One way to determine the direction of your bakery is to research consumer purchasing trends. Gluten free products are still trending and it's clear that consumers are not only seeking these products out, they are willing to pay for them.

55% spend **30%** or more on their grocery budget for gluten-free foods

68% shop at three or more stores per month to find gluten-free foods

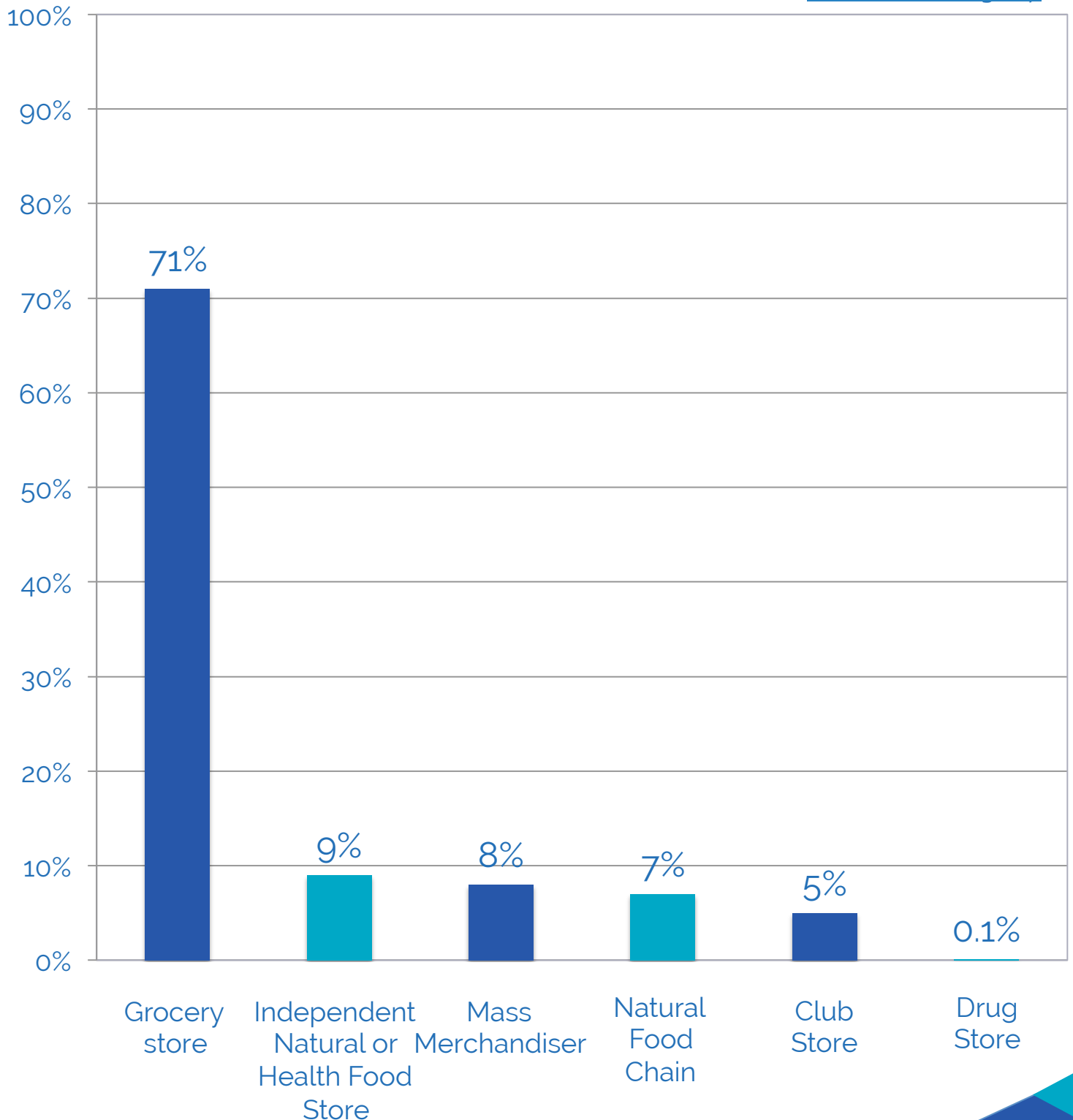
Product selection is the most important factor, followed by low price, convenience, good service, close to where they live, knowledgeable staff to help, friendliness of staff, and close to where they work.

77% agree it is hard to find good tasting gluten-free foods

57% have tried ten or more new gluten-free products in the last year

WHERE CONSUMERS MOST PREFER TO SHOP FOR GLUTEN-FREE FOODS

The Gluten-Free Agency





SPECIALTY MARKETS

Specialty markets such as vegan and vegetarian have become an essential focus for all divisions of the food industry. Bakeries will be smart to capitalize on these markets by creating menu items and marketing campaigns specifically targeted towards this audience.

The [*Vegetarianism in America*](#) study, published by Vegetarian Times, shows compelling evidence that creating options for this audience can create new revenue streams.



7.3 million adults who follow a vegetarian-based diet



1 million are vegans who consume no animal products

INVESTMENT THREE

MARKETING



Marketing has evolved dramatically with technology playing a large part in these changes. Traditional marketing techniques are still effective, but in order to get the most out of your marketing dollars, it's best to use a multi-channel approach. This involves integrating traditional marketing techniques with digital efforts. Investing in marketing efforts can be just as important as your products themselves.

Some of these can be implemented on your own if you're willing to dedicate. Another option is to hire on a marketing agency to run your campaign.

WORD OF MOUTH

Bakeries have been relying on word of mouth advertising since their inception. Using your existing customer base to spread the word about your business is one of the most inexpensive ways to advertise. This all starts with having a great product and great customer service. In order to make this work, you'll need other ways to draw in customers to begin with.



SOCIAL MEDIA

Social media has exploded to become one of the best ways to market your business. It can be used to advertise website content, spread the word about promotions and provide customer service. The stats about social media don't lie; it's a necessity in today's business world.

Blogging is the number one way to draw visitors to your website. Statistics from HubSpot state that companies that blog 16 times per month draw in 3.5 times the amount of visitors versus those that only blog 0-4 times per month.

- Facebook is the most visited website.
- Facebook shares have the greatest influence on Google.
- 53% of people recommend companies and products on Twitter.
- 800 million users spend 15 minutes/day on YouTube.
- The average consumer mentions brands 90 times/week.
- 5 million images are uploaded to Instagram every day
- The average user spends 89 minutes/month on Pinterest
- 56% of people check Facebook daily
- 64% of Twitter users and 51% of Facebook users are more likely to buy the products of brands they follow online.
- The Google +1 button is used 5 billion times per day.
- 83% of Pinterest users are women; the most popular categories include clothes, crafts, and food.
- The average user spends 21 minutes/week on LinkedIn.
- WordPress is the highest ranked blogging platform on Google.
- 50% of shoppers have made a purchase based on a recommendation through a social media network.

PRESS RELEASES

Letting the community know about changes to your business, charitable contributions and special promotions via a press release is a great way to improve your reputation. Although there are free publications, both print and online, that you can publish your press releases to, investing in paid releases is a cost effective marketing technique.



EVENTS

Hosting events is a great way to bring in new customers and draw attention to your bakery. Holiday's are a great time to host these events, especially in the bakery industry. Creating holiday themed desserts and giving away samples at an event will bring exposure to your products. Consider booking entertainment for your events and providing guests company branded items to take home with them. The exposure gained from hosting an event can help you obtain exposure and lifetime customers.



In order for your bakery to maintain success and grow in the future, it's essential to invest in your business. Quikstone Capital offers merchant cash advances to help your business improve and expand. Whether you're investing in new equipment, updating your menu or increasing your marketing efforts, a merchant cash advance is the perfect avenue to help your bakery to continue to grow.

WE'RE YOUR FUNDING PARTNER.

Learn more about how Quikstone Capital can provide the cash needed to make these smart investments and help your bakery grow.

Speak with Quikstone Capital today.

GET STARTED

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